

Honolulu, Hawaii

APR 22 2014

RE: H.C.R. No. 140

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred  
H.C.R. No. 140 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DIRECTOR OF HUMAN SERVICES TO REBASE THE BASIC PROSPECTIVE PAYMENT SYSTEM RATES FOR INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES THAT SERVE MEDICAID RECIPIENTS TO BE EFFECTIVE JULY 1, 2015, AND THE DIRECTOR OF HEALTH TO INCLUDE SUFFICIENT FUNDING TO COVER ANY INCREASE IN BASIC PAYMENT SYSTEM RATES RESULTING FROM REBASING IN ITS 2015-2017 BIENNIUM BUDGET,"

begs leave to report as follows:

The purpose and intent of this measure is to request the Director of Human Services, in collaboration with providers, to rebase the basic prospective payment system rates for intermediate care facilities for individuals with intellectual disabilities that serve Medicaid recipients to be effective July 1, 2015, for the fiscal year ending June 30, 2016, by using cost reports from providers from the base year ending June 30, 2013.

In addition, this measure urges the Director of Health to include sufficient funding in its 2015-2017 biennium budget to cover any increase in basic prospective payment system rates resulting from the rebasing.

The Department of Health, the State Council on Developmental Disabilities, and The Arc in Hawaii provided testimony in support of this measure. The Department of Human Services provided comments.




Your Committee finds that current basic prospective payment system rates based on cost reports from providers for the base fiscal year ending June 30, 2005, coupled with the suspension of mandated inflation adjustments since fiscal year 2012, have resulted in inadequate and disproportionate Medicaid payments for the care of individuals with intellectual disabilities. Furthermore, section 17-1739.2-17, Hawaii Administrative Rules, requires the Department of Human Services to rebase basic prospective payment system rates using updated cost report data and at a frequency that ensures that a provider does not have its rates calculated by reference to the same base year for a period of more than eight state fiscal years. The last rebasing of the basic prospective payment system rates took effect on July 1, 2007. This measure seeks to ensure that the Department of Human Services will rebase the basic prospective payment system rates to be effective July 1, 2015, in compliance with the Hawaii Administrative Rules.

Your Committee further finds that the daily cost for intermediate care facilities for individuals with intellectual disabilities is higher than the amount that Medicaid payment rates cover and any additional delay in rebasing will heavily burden operators of intermediate care facilities for individuals with intellectual disabilities. Your Committee believes that this measure will allow for sufficient rebasing of basic prospective payment system rates to allow intermediate care facilities for individuals with intellectual disabilities to continue providing essential and critical services.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 140, and recommends its adoption.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,



DAVID Y. ICE, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HCR 140</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">4-17-14</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.				✓
SLOM, Sam				✓
	9	0	0	4
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted         <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; display: inline-block;">Michelle N. Kalani</div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> <span>Original File with Committee Report</span> <span>Yellow Clerk's Office</span> <span>Pink Drafting Agency</span> <span>Goldenrod Committee File Copy</span> </div>				

\*Only one measure per Record of Votes